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Sixth report of the Secretary-General pursuant to paragraph 6 of resolution 1956 (2010)

I. Introduction

1. The present report is submitted pursuant to paragraph 6 of Security Council resolution 1956 (2010), in which the Council requested me to provide written reports on an ongoing basis to the Council every six months about the United Nations Compensation Fund, with effect from 1 January 2012, evaluating the continued compliance with the provisions of paragraph 21 of resolution 1483 (2003), which requires Iraq to deposit 5 per cent of the proceeds from export sales of petroleum, petroleum products and natural gas into the Fund. This sixth report covers the developments following the issuance of my fifth report (S/2013/749) on 18 December 2013.

II. Developments

2. In its authority over the arrangements for ensuring that payments are made to the Compensation Fund, the Governing Council of the United Nations Compensation Commission has continued to actively monitor deposits into the Fund. The Compensation Commission secretariat has also continued to engage with the Iraq Committee of Financial Experts, the oversight body for the control, reporting and use of Iraqi oil revenues.

3. The Compensation Commission secretariat met with the Iraq Committee of Financial Experts in Berlin on 20 February 2014. During this meeting, the Head of the Committee reiterated the commitment of Iraq to complying with applicable United Nations resolutions. Further, he advised that the current mechanism for the payment of 5 per cent of revenues from the sale of Iraqi petroleum and petroleum products into the Compensation Fund remains unchanged. With regard to the obligation to deposit the equivalent of 5 per cent of non-monetary payments of petroleum, petroleum products and natural gas made to service providers under resolution 1956 (2010), an additional amount of $259.4 million has been deposited to the Fund in relation to such transactions since my last report in December 2013. This has brought the total deposited in relation to non-monetary payments to $810.1 million since the Committee assumed oversight over Iraq's oil revenues in July 2011.

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4. The average monthly income accruing to the Compensation Fund for the year to date is approximately $353 million, with quarterly payments of compensation awards continuing to average in excess of $1 billion. Since my last report to the Security Council, the Compensation Commission has made two payments to Kuwait totalling $2.02 billion: the first was made on 23 January 2014 and the second on 24 April 2014. The overall amount of compensation paid to date by the Commission is $45.5 billion, leaving approximately $6.9 billion outstanding to be paid to Kuwait to settle the last remaining claim.

5. The Governing Council held its seventy-seventh session on 29 and 30 April 2014. At the opening plenary, the Iraqi delegation reaffirmed Iraq's commitment to meeting its obligations under relevant Security Council resolutions. In its conclusion on the issue of arrangements for ensuring that payments are made to the Compensation Fund, the Governing Council expressed its continued satisfaction with the transfer of 5 per cent of Iraq's oil revenues and the equivalent 5 per cent of the value of non-monetary payments to the Compensation Fund.

6. At the time of that session, the Governing Council was cognizant of the dispute between the Government of Iraq and the Kurdistan Regional Government regarding the issue of export sales of oil from the Kurdistan region. In response to the developments following the session, regarding export sales of oil out of the Kurdistan region without the consent of the Government of Iraq, the Governing Council held an informal meeting on 12 June 2014. Noting that Iraq is nearing the conclusion of the fulfilment of its obligations, with outstanding compensation projected to be paid in full in 2015, the Governing Council encourages the Government of Iraq and the Kurdistan Regional Government to work together to ensure that Iraq continues to deposit 5 per cent of all export sales of petroleum, petroleum products and natural gas from Iraq into the Compensation Fund, as required under paragraph 3 of Security Council resolution 1956 (2010). My Special Representative for Iraq will continue efforts to facilitate a prompt resolution of this matter.

7. As the audit of the financial statements for the Development Fund for Iraq and the successor account, covering the period from 1 January to 31 December 2013, has not been finalized, the results will be reflected in my next report. However, based on current levels of income accruing to the Compensation Fund and the Governing Council's satisfaction therewith, I am satisfied that the Government of Iraq remains committed to complying with its obligations under paragraph 21 of resolution 1483 (2003).

8. I would like to conclude by expressing my ongoing appreciation to the Government of Iraq and the Iraq Committee of Financial Experts for their continued cooperation with the Compensation Commission.